

6 October 1981

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 6 october 1981

The Director chaired the meeting. []

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The Director noted that E.O. 12036 is back on the front page and thinks the leak reporting the various measures within the Executive Order is a deliberate attempt to muddy the waters in order to inhibit the Senate vote on Identities legislation today. []

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The Director noted a U.S. News and World Report article (attached) which talked of low morale at CIA "because relationships between top executives have been poisoned." Mr. Casey said these rumors are not true and discussed some approaches to raising the Agency morale. []

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The Director noted in this morning's State Department Summary there was an article on a Soviet Politburo member's views that domestic violence is possible in the Soviet Union. The Director asked McMahon to have NFAC analysts review the article. []

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The Director said Senator Chafee has invited him to testify on counter-intelligence on 28 October and noted the positive aspects of doing so. []

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[] reported all non-Defense NFIB agencies received allowance letters from OMB which projected large cuts (12%) for Fiscal Years 1982 through 1984. [] noted this will make it difficult to protect the adds in the 1982 budget for manpower and analysis in these organizations and probably will cause the same difficulties for the 1983 and 1984 budgets. [] said he will discuss these cuts with OMB. []

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The Director noted the Stockman letter regarding CIA being overceiling. Admiral Inman said we have to prepare a firm letter to Stockman refuting his allegations. []

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Briggs reported the HPSCI staffers are still reviewing the Wilson/Terpil files and the HPSCI Staff Director has asked various questions regarding Agency recruiting at Fort Bragg, whether Admiral Turner was aware of the extent of Agency employee contacts with Wilson/Terpil and for biographic information on ten Agency staffers. []

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SECRET

Sporkin said he had sent to the Director some options regarding post-employment administrative controls. Neither the Director nor Admiral Inman said they had seen the papers but that the subject was critical enough to convene an Executive Committee meeting this afternoon to discuss the options. At this point Admiral Inman stressed the need for coordination among the independent office directors and Deputy Directors before papers are sent to either him or the Director. []

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[] reported CIA was in the black at the end of FY 1981; [] said that the Agency was at ceiling at the end of FY 1981. In response to a question from Admiral Inman, [] said that the continuing resolution will allow the Agency to continue to hire the extra people programmed for FY 1982. []

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[] said the NFIB this afternoon will consider the SNIE on the reaction of foreign governments to U.S. strategic improvements and the IIM on terrorism. In response to the Director's question, [] said he believed the inputs from the stations were factored into the IIM. []

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Stein initiated a discussion on the problems the pay cap is causing overseas personnel. []

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Admiral Inman said a document will be circulated shortly on intelligence capabilities through 1985 and that the paper will be considered before the NFIC. He added NFIC will also consider the technology transfer paper currently being drafted within NFAC. []

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Playing "Chicken" With the Budget ... A Schmidt-Weinberger Feud? ... Jimmy Carter Sharpens His Knife

White House insiders are convinced that Budget Director David Stockman and Defense Secretary Caspar Weinberger engaged in a game of "chicken" in the latest round of budget cuts. The game: Stockman proposed cuts in domestic spending even more drastic than necessary in an attempt to force Weinberger to slash more from military outlays. But Weinberger called Stockman's bluff and refused to chop deeper into Pentagon funds.

Morale at the Central Intelligence Agency, according to officials there, has hit an all-time low. The reason: Relations between top executives have been poisoned by suspicion on the part of CIA Director William Casey that there was a conspiracy within the agency to dump him in favor of Deputy Director Bobby Inman, a career intelligence specialist.

Richard Allen, the President's national-security adviser, is using his role spearheading sale of AWACS radar planes to Saudi Arabia, to emerge from the shadow of Secretary of State Alexander Haig. "Allen is breaking out," reports an associate. "He's started doing some things without waiting for approval from State."

From one of Reagan's top economic advisers: "If I was in the private sector, I'd have to consider the possibility of interest rates rising to 25 or 30 percent in the next three years because of a lack of determination in Washington over monetary and budget policies."

Reagan is furious with Senate Republican leaders for playing both sides on budget cuts, aides report. The President complains that, after the August recess, lawmakers urged him to make more spending trims to bring down high interest rates—and now some of

those same members are screaming to protest the fresh cuts.

West German officials say that relations between Chancellor Helmut Schmidt and U.S. Secretary of Defense Weinberger have become so acrimonious that Schmidt has ducked at least two opportunities to see the Pentagon chief and has told friends that he intends to keep future meetings to an absolute minimum.

Congressional Democrats concede that, despite trouble with his economic program, Reagan's personal popularity presents a major roadblock to a Democratic comeback in 1982. Some party leaders flatly say that the President's public image is so firm that it can't be shaken by anything short of a war or major depression.

Despite New York Mayor Edward Koch's smashing victories in both Democratic and Republican primaries, political pros doubt that he will seek higher office. "Strange as it may seem," said one analyst, "Koch loves his job as mayor."

Friends say Jimmy Carter plans to make a major foreign-policy speech before year's end. Purpose: Point out all the mistakes that the former President thinks Reagan has made.

An administration proposal to reward air-traffic controllers who refused to strike is waiting in the wings for official decertification of the Controllers' Union. Included in the legislative package: Overtime pay for those who stayed on the job.

Some senators who have lined up publicly against sale of the AWACS planes have privately hinted to the White House that they are willing to

switch sides in return for presidential favors on other issues. "This thing is a fact of life," said a presidential aide.

Executives of American radio stations are alarmed by Reagan's plan to beam a series of new propaganda broadcasts to Cuba. They fear the Cubans, with Russian help, will retaliate by jamming the broadcasts with strong signals that could flood AM radio programming from Minnesota.

An ironic twist to the fight over to Saudi Arabia of AWACS and sophisticated F-15 equipment: The fuel tanks included in the deal, designed by Israel, which will be part of the Saudi payment for search and development.

Savings and loan industry officials are confident that Congress will extend for as long as two years the time during which investors can buy the all-savers certificates, which offer free interest for a year. The program is now scheduled to expire at the end of 1982.

On the eve of an American grain-selling mission to Moscow, Soviet experts admitted privately just how disastrous this year's grain harvest is. The latest Soviet forecast is 168 million tons of grain—even less than the U.S. estimate of 180 million tons and far short of the Soviet goal of 236 million.

White House aides employed the ultimate weapon to persuade Reagan that domestic and foreign affairs were too critical for him to return to his California ranch in early October. They sold their case to Nancy Reagan, who prevailed on the President to call off the journey.

U.S. NEWS & WORLD REPORT, Oct. 5